
FISMA OFFICE REVOLVING FUND FINAL AUDIT FINDING STATEMENT 2009



Prepared By:
State of California
The Resources Agency
Department of Water Resources
Internal Audit Office

October 2009

OFFICE REVOLVING FUND

The internal control objectives for the office revolving fund cycle of the FISMA audit are:

- Written policies and procedures exist for properly administering and controlling the revolving fund.
- Advances to the revolving fund are properly administered.
- Revolving fund is used for authorized purposes.
- Accountability for the revolving fund is maintained.
- Adequate safeguards exist over check signing activities.
- Revolving fund reimbursement claims are properly supported.

FINDINGS AND RECOMMENDATIONS

FINDING **Bank reconciliations are not being prepared monthly.**

OBSERVATION:

Auditor found that the reconciliation of Account no. 417 is not being done on a monthly basis. Auditor noted that the last prepared reconciliation that was reviewed by the preparers' supervisor was dated June 2008. Auditor did note in the preparers file reconciliations prepared for July 2008 through October 2008, however; these particular reconciliations had not been reviewed and signed by the preparer's supervisor.

Recommendation:

We recommend that the reconciliations be completed immediately, reviewed and signed by the preparer's supervisor.

DIVISION'S RESPONSE

State of California

California Natural Resources Agency

Memorandum

Date: October 23, 2009

To: Jeff Ingles, Chief
Internal Audits

From: Perla Netto-Brown, Chief
Division of Fiscal Services
Department of Water Resources

Subject: Response to Internal Control Review, Office Revolving Fund Audit Finding Statement

We have reviewed the draft Audit Finding Statement issued by the Internal Audit Office regarding bank reconciliations and we are providing the following response to the findings and recommendations described in the audit report.

Finding: Bank reconciliations are not being prepared monthly.

We concur with this finding. Unfortunately, due to recent staffing changes this assignment fell through the cracks. We are currently addressing the issue by documenting the process to ensure that new staff have written procedures to follow when they complete the reconciliation. We have made this a high priority to ensure the reconciliation is current, completed and reviewed on a monthly basis.

Our staff is being cross-trained and process procedures are being documented and updated simultaneously. We plan to have this training and process documentation completed by the end of 2009. Presently, the bank reconciliations have been completed through December 2008. Our plan is to complete three months of reconciliations per month which will bring us current by March 2010. A second level supervisor will follow up to ensure staff is on task and that the first level supervisor is monitoring, reviewing and signing completed reconciliations.

SURNAME
DWR 155 (Rev 1/09)

Netto-Brown
10/29/09